



City of Long Beach

CITY COUNCIL BUDGET WORKSHOP

Three-Year Financial Strategic Plan Update

June 15, 2004

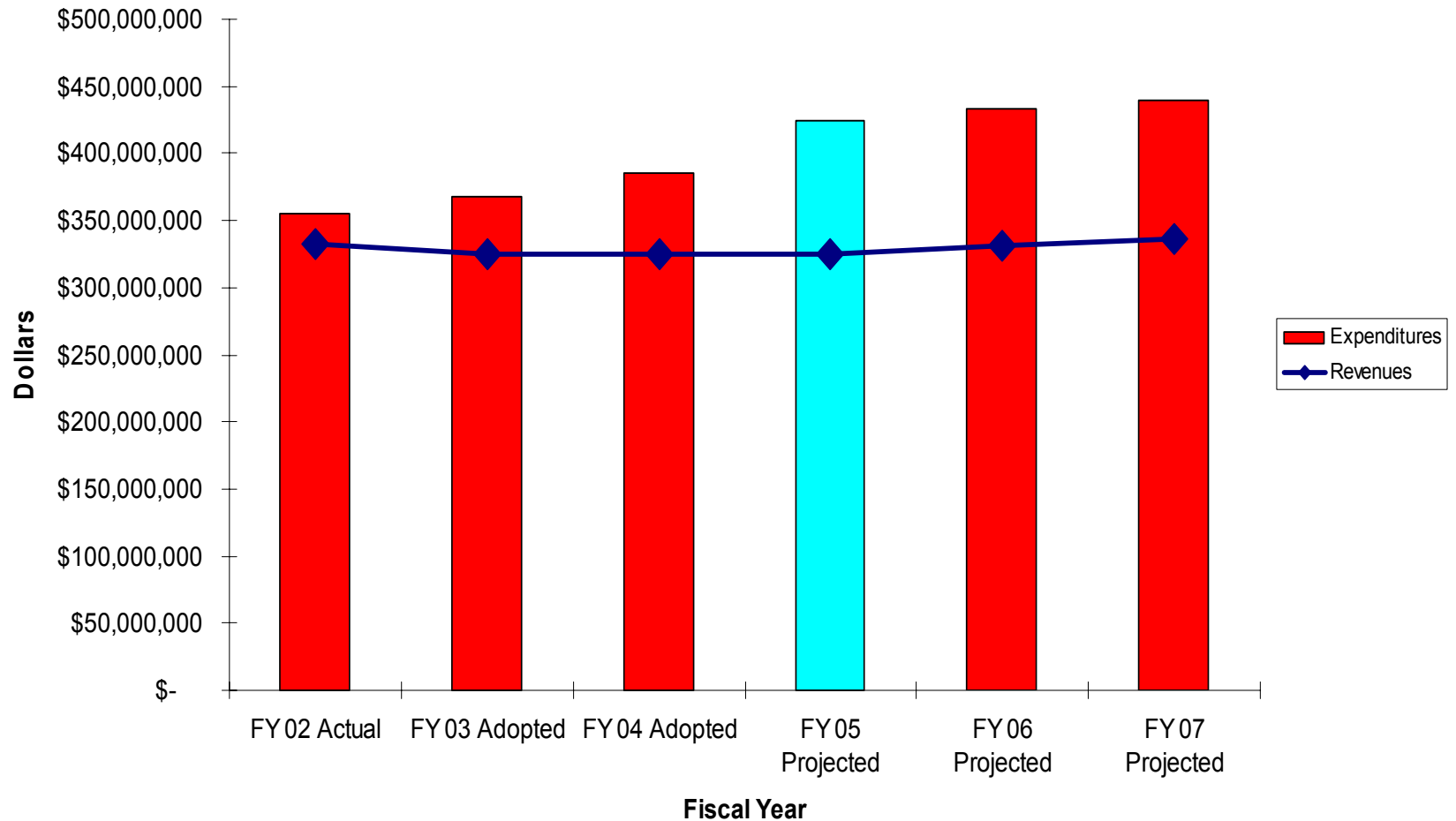


Three-Year Financial Strategic Plan Update

- City Council directed Plan be developed to address escalating costs and declining revenue
- Designed to deliberately reduce the structural deficit, using cost reductions and revenue enhancements
- Underlying objective to protect core services, while optimizing the organization
- Planning process is open and inclusive, decisions reflect community priorities
- Plan is a fluid document, will be continually updated for changing economic and financial conditions

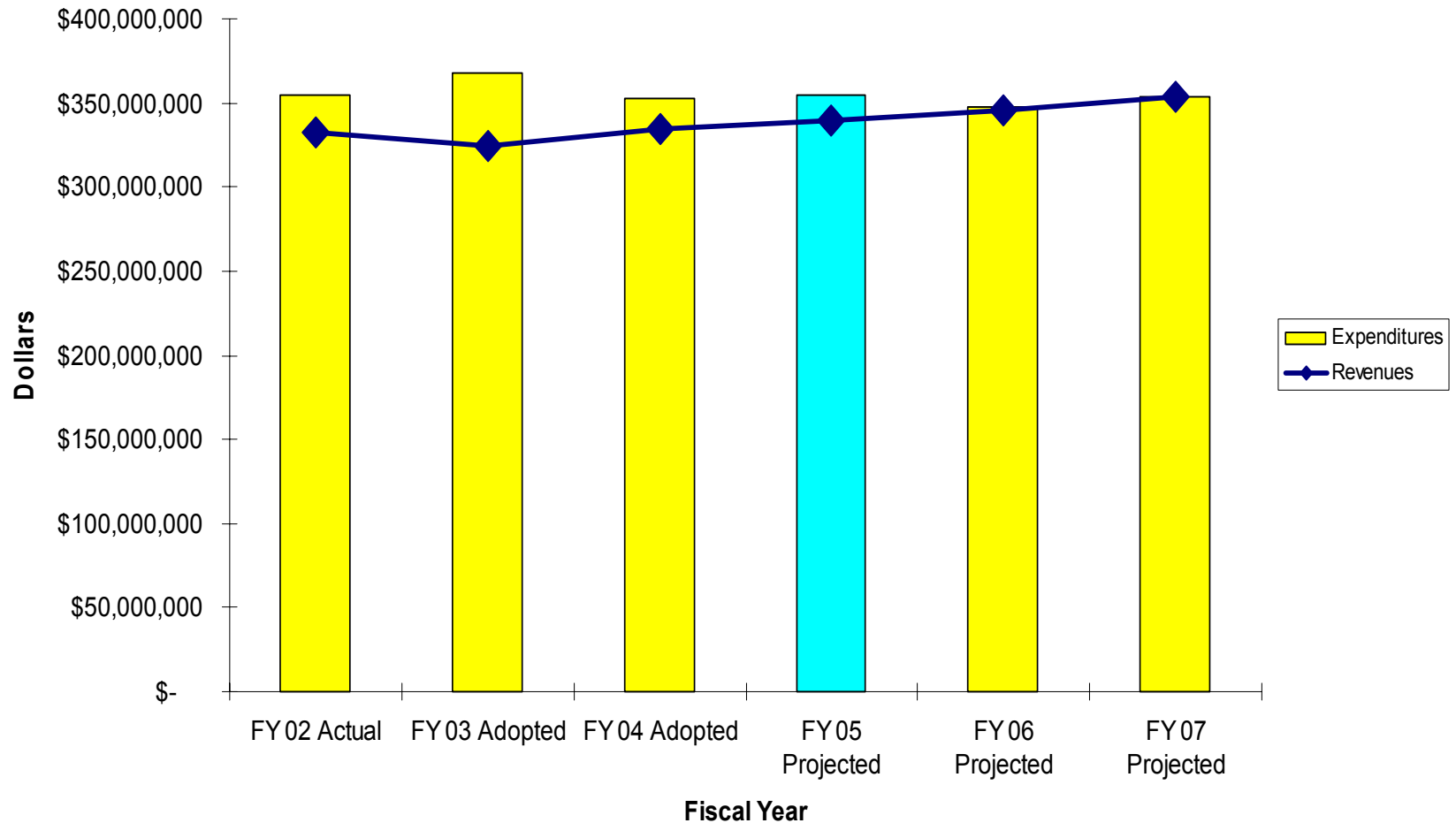


Structural Deficit Growth Without Three-Year Plan





Three-Year Plan Solves Structural Deficit





City Council's Stated Goals for FY 2005

- City Council's Stated Goals were used as a guide while considering Plan update
 - Further Reduce Crime
 - Enhance Neighborhood Economic Development
 - Improve Environmental Conditions
 - Improve the Quality of Life in the Neighborhoods
 - Expand the Community's Involvement
 - Promote Workforce and Business Development
 - Encourage the Public's Health and Well Being
 - Promote Quality Housing Development and Home Ownership Opportunities



City's Adopted Financial Policies

- Three-Year Plan embodies and furthers the principles promulgated through City's Financial Policies
 - Structurally Balanced Budget
 - Report on How the Budget is Balanced
 - General Fund Reserves
 - Use of One-Time Resources
 - Use of New Discretionary Revenue
 - Accounting and Financial Reporting
 - User Fees and Charges
 - Grants
 - Long-Term Financial Plan
 - Debt Issuance



The Plan Achieves Objectives

- City Council's Endorsed Plan is working
 - Plan is eliminating the deficit
 - Focus remains on core service functions
 - Organization is being downsized
 - Efficiencies and service improvements achieved through optimization
- Critical to stay the course despite difficult decisions in FY 05 and FY 06
- Room for optimism about the future



Year One Implementation – Fiscal Year 2004

- Structural Deficit Reductions
- Optimization
- Partnering
- Employee and Community Involvement
- Enhanced Communication



Year One Implementation – Fiscal Year 2004

- Reduced structural deficit by \$41 million
 - \$28 million in cost reductions
 - \$13 million in new resources
 - Reduced use of one-time resources



Year One Implementation – Cost Reductions

- Negotiated \$3.8 million in savings with public safety unions
- Redeployed Police Officers into Patrol to decrease overtime
- Eliminating over 170 positions, including 28 management positions - avoiding layoffs
- Eliminating over 220 vehicles, cell phones, other equipment
- Reduced funding for capital projects and facility maintenance



Year One Implementation – Cost Reductions

- Reduced spending through rolling closures of Library branches, elimination of Sunday hours and other program reductions
- Reduced Recreation spending for outside agencies
- Reduced funding for the Arts



Year One Implementation – Revenue Enhancements

- Improve Cost Recovery Through Fee Adjustments
- Marketing and Sponsorship Opportunities
- Parking Citations and Fees
- SERRF Profit Transfer
- Pipeline Permit Fees



Optimization

- To review service delivery methods and administrative approaches to identify opportunities for:
 - Improved efficiencies
 - Improved service
 - Reorganization/Consolidation
 - Increased cost recovery



Optimization – FY 04 Studies

- Workers' Compensation
- Code Enforcement and Nuisance Abatement
- Compensation and Staffing
- Fire Services
- Emergency Dispatch
- Fleet
- Cost Recovery/Fee Study



Optimization – FY 04 Contracting

- Focused on areas with prior experience:
 - Landscape and Street Median Maintenance
 - Custodial Services at Smaller Sites
 - Reprographic and Mail/Messenger Services



Optimization – Future Contracting and Optimization Reviews

- Billing and Collection Functions
- Parking Enforcement
- Ambulance Billing
- Towing Operations
- Payroll Services
- Business License Processing
- Information Technology



Optimization – FY 04 Partnering

- Long Beach Unified School District
- Nonprofit Community
- Community Arts Funding Strategy



Employee Participation

- Plan Update and FY 05 Proposed Budget
 - Employee Work Teams
 - Improvement/Brainstorming Meetings
 - Suggestion/Feedback Systems
- Employee Communication
 - Regular City Manager updates to all employees
 - Employee meetings with City Manager and senior staff
- Innovation Team
 - 15 employees from across the organization
 - 30 recommendations delivered to City Manager



Community Involvement and Communication

- Public Communication and Transparency Enhanced
 - Frequent updates to neighborhood associations, City Boards, Commissions and Committees
 - Budgeting 101 Seminars
 - Voice Your Choice Community Survey
 - Budget Summit I
 - Speakers' Bureau
 - Printed budget information widely distributed
- Three-Year Plan replicated as a model by other governments as a best practice
- Received Helen Putnam Award for Restoring Public Trust and Transparency



Fiscal Environment - Economic Recovery

- Revenue Performance Improving
 - Certain Resources Expected to Finish FY 04 Higher than Budget:
 - SERRF Profit Transfer \$2.2 million
 - Oil Profit Transfer \$2.5 million
 - Pipeline Franchise Fees \$1.1 million
 - Transient Occupancy Tax \$300,000
 - All Other Revenues \$3.0 million plus
 - Certain Revenues Expected to Finish FY 04 Lower than Budget:
 - Sales Tax (\$4.0 million)
 - Includes State Triple-Flip (Prop 57 Loss)
 - Secured Property Tax (\$800,000)
 - Vehicle License Fees (\$550,000)*
- *Does not take into account other potential State Budget impacts



Fiscal Environment - Economic Recovery

- Positive Outlook – Modest Revenue Growth
- Economy is Sustaining Growth
- New Developments Continue to Come Online
- City Revenues:
 - Last Year of Utility Users Tax Reduction
 - Down to 5 Percent Effective October 1, 2004
 - Property Tax Growth of 6 to 7 Percent Expected
 - Transient Occupancy Tax Reaching Pre-9/11 Levels



City Manager's Ongoing Policies

- Established \$12 Million Carryover Target
 - Carryover allows for gradual reduction of deficit
- Hiring Freeze
 - Maintain opportunities for employee transition and generate cost savings
- Spending Curtailment
 - Limit expenses to critical service delivery needs



Fiscal Environment – Increasing Costs

- Cost Growth
 - Return of PERS October 1, 2004
 - Health Care Costs
 - Workers' Compensation
 - General Liability
 - Pike Garage Bond Payments
 - Public Safety Facility Debt
 - COPS Grant Funding Match



Updated Three-Year Financial Strategic Plan

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Estimated New Structural Budget Gap	\$16,755,000		\$39,133,466		\$4,153,233				
Structural Deficit Remaining from Prior Year	\$43,000,000		\$18,930,534		\$15,228,767				
Total Structural Budget Gap	\$59,755,000		\$58,064,000		\$19,382,000				
Carry-over from Previous Year	(\$9,500,000)		(\$12,000,000)		(\$3,913,293)				
Current Year Budget Gap	\$50,255,000		\$46,064,000		\$15,468,707				
General Administration and Management	(\$7,153,614)		(\$3,184,449)		(\$1,143,071)		(\$11,481,134)		11.4%
Employee Compensation, Benefits and Work Practices	(\$3,383,498)		(\$15,109,290)		(\$4,994,316)		(\$23,487,104)		23.3%
Contracting Opportunities	(\$1,199,229)		(\$2,307,478)		(\$1,651,344)		(\$5,158,051)		5.1%
Operational and Organizational Changes	(\$5,384,697)		(\$4,811,359)		(\$1,088,048)		(\$11,284,104)		11.2%
Capital Projects and Infrastructure	(\$163,200)		(\$2,241,568)		(\$647,736)		(\$3,052,504)		3.0%
Maintenance Reductions	(\$518,365)		(\$1,778,226)				(\$2,296,591)		2.3%
Materials, Supplies and Equipment	(\$3,948,483)		(\$1,683,036)		(\$816,600)		(\$6,448,119)		6.4%
Recreation Services	(\$590,352)		(\$720,421)		(\$170,740)		(\$1,481,513)		1.5%
Library Services	(\$853,964)		(\$561,852)		(\$238,426)		(\$1,654,242)		1.6%
Public Safety Support and Related Services	(\$3,443,499)		(\$2,187,483)		(\$2,557,491)		(\$8,188,473)		8.1%
Public Safety Emergency Services	(\$155,009)		(\$1,826,906)				(\$1,981,915)		2.0%
Arts and Cultural Programs	(\$529,194)		(\$50,000)		(\$677,462)		(\$1,256,656)		1.2%
Communication, Promotions and Special Events	(\$203,253)		(\$144,739)				(\$347,992)		0.3%
Business Services and Attraction	(\$275,605)		(\$71,326)				(\$346,931)		0.3%
Code Enforcement	(\$223,656)		(\$589,643)		(\$750,000)		(\$1,563,299)		1.5%
TOTAL EXPENDITURE REDUCTIONS	(\$28,025,618)	-173.6	(\$37,267,776)	-266.5	(\$14,735,234)	-98.6	(\$80,028,628)	-538.7	79.3%
TOTAL RETURN ON ASSETS/MARKETING	(\$6,032,068)		(\$1,264,957)		(\$1,388,371)		(\$8,685,396)		8.6%
TOTAL REVENUE ADJUSTMENTS	(\$6,766,780)		(\$4,302,500)		(\$1,100,000)		(\$12,169,280)		12.06%
Impact to Structural Deficit	(\$40,824,466)		(\$42,835,233)		(\$17,223,605)		(\$100,883,304)		100.0%
One-time Revenues/Transfers	(\$19,581,119)		(\$7,142,060)		(\$1,757,000)		(\$28,480,179)		
Total Cost/Revenue Adjustments (including one-times)	(\$60,405,585)		(\$49,977,293)		(\$18,980,605)		(\$129,363,483)		
Carry-over Fund Balance	(\$12,000,000)		(\$3,913,293)		(\$3,511,898)				
STRUCTURAL DEFICIT REMAINING	\$18,930,534		\$15,228,767		\$2,158,395				

Total Three-Year Structural Deficit = \$103,000,000



Endorsed vs. Updated Plan

Category	ENDORSED THREE YEAR TOTAL			UPDATED THREE YEAR TOTAL			DIFFERENCE	
	Dollars	FTE	Percent	Dollars	FTE	Percent	Dollars	FTE
Estimated New Structural Budget Gap	\$90,000,000			\$103,041,699			\$13,041,699	
General Administration and Management	(\$11,341,529)		13.2%	(\$11,481,134)		11.4%	(\$139,605)	
Employee Compensation, Benefits and Work Practices	(\$23,412,698)		27.2%	(\$23,487,104)		23.3%	(\$74,406)	
Contracting Opportunities	(\$3,784,394)		4.4%	(\$5,158,051)		5.1%	(\$1,373,657)	
Operational and Organizational Changes	(\$6,940,803)		8.1%	(\$11,284,104)		12.3%	(\$4,343,301)	
Capital Projects and Infrastructure	(\$2,859,080)		3.3%	(\$3,052,504)		2.0%	(\$193,424)	
Maintenance Reductions	(\$2,519,091)		2.9%	(\$2,296,591)		2.3%	\$222,500	
Materials, Supplies and Equipment	(\$4,779,324)		5.6%	(\$6,448,119)		6.4%	(\$1,668,796)	
Recreation Services	(\$1,914,290)		2.2%	(\$1,481,513)		1.5%	\$432,777	
Library Services	(\$846,876)		1.0%	(\$1,654,242)		1.6%	(\$807,366)	
Public Safety Support and Related Services	(\$8,723,171)		10.1%	(\$8,188,473)		7.8%	\$534,698	
Public Safety Emergency Services	(\$1,446,676)		1.7%	(\$1,981,915)		2.0%	(\$535,239)	
Arts and Cultural Programs	(\$1,080,858)		1.3%	(\$1,256,656)		1.2%	(\$175,798)	
Communication, Promotions and Special Events	(\$411,149)		0.5%	(\$347,992)		0.3%	\$63,157	
Business Services and Attraction	(\$312,215)		0.4%	(\$346,931)		0.3%	(\$34,716)	
Code Enforcement	(\$692,333)		0.8%	(\$1,563,299)		1.6%	(\$870,966)	
TOTAL EXPENDITURE REDUCTIONS	(\$71,064,486)	-487	82.7%	(\$80,028,628)	-539	79.1%	(\$8,964,142)	-51
Return on Assets & Marketing Opportunities	(\$4,520,000)		5.3%	(\$8,685,396)		8.6%	(\$4,165,396)	
TOTAL RETURN ON ASSETS/MARKETING	(\$4,520,000)		5.3%	(\$8,685,396)		8.6%	(\$4,165,396)	
New Fees or Taxes	(\$4,620,000)		5.4%	(\$225,440)		0.4%	\$4,394,560	
Existing Fees or Taxes	(\$5,770,000)		6.7%	(\$11,943,840)		11.8%	(\$6,173,840)	
TOTAL REVENUE ADJUSTMENTS	(\$10,390,000)		12.1%	(\$12,169,280)		12.29%	(\$1,779,280)	
Impact to Structural Deficit	(\$85,974,486)		100.00%	(\$100,883,304)		100.00%	(\$14,908,818)	
STRUCTURAL DEFICIT REMAINING	\$4,025,514			\$2,158,395			(\$1,867,119)	



General Administration and Management

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$7,065,675)	(71.5)	(\$3,225,783)	(14.5)	(\$1,050,071)	(10.0)	(\$11,341,529)	(96.0)	13.2%
Updated Plan	(\$7,153,614)	(69.6)	(\$3,184,449)	(23.1)	(\$1,143,071)	(10.0)	(\$11,481,134)	(102.6)	11.4%

FY 05 and FY 06 Reductions Include: Endorsed Plan

- Reduce management staffing 25 percent
- Reductions in administrative and support staff
- Reductions in supplies and staff development

Updated Plan

- Reductions in resources for General Plan update
- Reductions in charges for 911, long distance and internet services
- Additional reduction to administrative staff



Employee Compensation, Benefits and Work Practices

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$3,370,982)	-	(\$15,074,275)	(1.0)	(\$4,967,441)	(0.5)	(\$23,412,698)	(1.5)	27.2%
Updated Plan	(\$3,383,498)	-	(\$15,109,290)	(0.9)	(\$4,994,316)	(1.5)	(\$23,487,104)	(2.4)	23.3%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Employee support of benefits and/or changes in work practices
- New tier of retirement benefits for new employees

Updated Plan

- Reduced clerical support for Employee Assistance Program (EAP)



Contracting Opportunities

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$976,381)	(28.2)	(\$1,808,013)	(70.4)	(\$1,000,000)	-	(\$3,784,394)	(98.6)	4.4%
Updated Plan	(\$1,199,229)	(22.1)	(\$2,307,478)	(94.0)	(\$1,651,344)	(40.5)	(\$5,158,051)	(156.7)	5.1%

FY 05 and FY 06 Reductions Include: Endorsed Plan

- Further Contracting of Custodial Services
- Landscape Maintenance Services
- Contracting-in or out additional City services

Updated Plan

- Contract School Crossing Guards through attrition
- Contract Cement Finish Work
- Contract Physician Services
- Parking Enforcement



Operational and Organizational Changes

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
<i>Endorsed Plan</i>	(\$5,275,668)	(18.6)	(\$1,627,087)	(16.0)	(\$38,048)	(1.0)	(\$6,940,803)	(35.6)	8.1%
<i>Updated Plan</i>	(\$5,384,697)	(26.3)	(\$4,811,359)	(24.5)	(\$1,088,048)	(1.0)	(\$11,284,104)	(51.8)	11.2%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Consolidate departmental functions and eliminate operational duplication
- Reduce centralized technology support functions
- Shift eligible costs to alternate funding sources

Updated Plan

- Further consolidation and centralization of departmental functions and use of alternate funding sources
- Structural Workers' Compensation changes throughout the organization
- Reduce electricity and other energy costs



Capital Projects and Infrastructure

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
<i>Endorsed Plan</i>	(\$1,257,664)	(3.2)	(\$1,101,416)	(6.5)	(\$500,000)	-	(\$2,859,080)	(9.7)	3.3%
<i>Updated Plan</i>	(\$163,200)	-	(\$2,241,568)	(2.5)	(\$647,736)	-	(\$3,052,504)	(2.5)	27.2%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Defer non-critical gas pipeline infrastructure maintenance
- Reduce funding for infrastructure improvements of park facilities and mini-park development
- Defer wireless communications infrastructure improvements

Updated Plan

- Reduce staffing that support CIP project development
- Identified alternate funding sources for capital projects
- Suspend funding for mini-park development



Maintenance Reductions

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$518,385)	(2.6)	(\$2,000,706)	(33.0)	\$0	-	(\$2,519,091)	(35.6)	2.9%
Updated Plan	(\$518,365)	(2.6)	(\$1,778,226)	(20.0)	\$0	-	(\$2,296,591)	(22.6)	2.3%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Curtail maintenance, repair and modification of City facilities

Updated Plan

- Reduce the annual tree trimming contract by approximately 25 percent
- Critical infrastructure needs translate into fewer maintenance position reductions



Materials, Supplies and Equipment

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$3,903,203)	(7.0)	(\$876,121)	(5.0)	\$0	-	(\$4,779,324)	(12.0)	5.6%
Updated Plan	(\$3,948,483)	(7.0)	(\$1,683,036)	-	(\$816,600)	(3.0)	(\$6,448,119)	(10.0)	6.4%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Reduce office supplies, furniture, reprographics and computer equipment
- Reduce City Fleet and related equipment
- Reduce Technology Services equipment and software purchases

Updated Plan

- Accounting Debt Service Retired
- Additional PC and Printer Replacement Savings



Recreation Services

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$751,135)	(5.2)	(\$1,120,725)	(29.7)	(\$42,430)	(0.9)	(\$1,914,290)	(35.7)	2.2%
Updated Plan	(\$590,352)	(4.0)	(\$720,421)	(46.7)	(\$170,740)	(3.5)	(\$1,481,513)	(54.2)	1.5%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Miscellaneous reductions to recreation programs including suspend Mobile Skate Park Program

Updated Plan

- Restructure programming in community parks with greater emphasis on neighborhood needs and equitable distribution of resources
- Suspend Discover Long Beach Parks Program
- Transfer Extended Day Care to outside agencies
- Restructure Day Camps to supervised recreation model
- Suspend Mobile Recreation Program in non-CDBG-Funded Areas



Library Services

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$846,876)	(11.8)	\$0	-	\$0	-	(\$846,876)	(11.8)	1.0%
Updated Plan	(\$853,964)	(12.1)	(\$561,852)	(3.5)	(\$238,426)	(4.5)	(\$1,654,242)	(20.1)	1.6%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- No reductions programmed

Updated Plan

- Further Reduction of Services and Programs at Neighborhood Libraries
- Reduce Book/Material Resources
- Reduce Information Management Resources
- Close Main Library on Mondays in FY 06



Public Safety Support and Related Services

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$3,656,426)	(31.5)	(\$2,289,036)	(36.2)	(\$2,777,709)	(61.8)	(\$8,723,171)	(129.4)	10.1%
Updated Plan	(\$3,443,499)	(20.8)	(\$2,187,483)	(41.7)	(\$2,557,491)	(32.0)	(\$8,188,473)	(94.6)	8.1%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Reduce non-career Police Investigators
- Eliminate PAL Program by FY 06
- Park Ranger Program reduction in FY 06

Updated Plan

- Transfer of crossing guards to LBUSD changed to contracting opportunity
- Streamline Jail Management and contract food services
- Reduce support for PAL Program in FY 05
- Reduce Civic Center security
- Automate evening front desk services at Police substations



Public Safety Emergency Services

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$146,676)	(2.0)	(\$1,300,000)	-	\$0	-	(\$1,446,676)	(2.0)	1.7%
Updated Plan	(\$155,009)	(2.0)	(\$1,826,906)	(3.0)	\$0	-	(\$1,981,915)	(5.0)	2.0%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Implement various optimization efforts from Fire Services/Emergency Communication Study

Updated Plan

- Convert Truck 1 to a 4-person truck



Arts and Cultural Programs

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$780,858)	(0.5)	(\$300,000)	-	\$0	-	(\$1,080,858)	(0.5)	1.3%
Updated Plan	(\$529,194)	(0.4)	(\$50,000)	-	(\$677,462)	(2.7)	(\$1,256,656)	(3.1)	1.2%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Reduce funding to Public Corporation for the Arts (PCA) and Long Beach Museum of Art

Updated Plan

- Defer majority of PCA funding reduction to FY 06
- Defer entire FY 05 Museum of Art reduction to FY 06
- Restructure Municipal Band Season in FY 06



Communication, Promotions and Special Events

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$197,441)	(1.0)	(\$213,708)	(2.0)	\$0	-	(\$411,149)	(3.0)	0.5%
Updated Plan	(\$203,253)	(2.0)	(\$144,739)	(1.0)	\$0	-	(\$347,992)	(3.0)	0.3%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Reduce Size and number of City Publications

Updated Plan

- Optimize public information efforts in Long Beach Energy



Business Services and Attraction

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$312,215)	(7.0)	\$0	-	\$0	-	(\$312,215)	(7.0)	0.4%
Updated Plan	(\$275,605)	(1.1)	(\$71,326)	-	\$0	-	(\$346,931)	(1.1)	0.3%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Did not contemplate reductions beyond the elimination of the Community Development Department's Business Technology Division

Updated Plan

- Reduce additional Project and Economic Development costs in Community Development



Code Enforcement

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$184,402)	(3.0)	(\$507,931)	(5.8)	\$0	-	(\$692,333)	(8.8)	0.8%
Updated Plan	(\$223,656)	(3.5)	(\$589,643)	(5.7)	(\$750,000)	-	(\$1,563,299)	(9.2)	1.5%

FY 05 and FY 06 Reductions Include:

Endorsed Plan

- Original reductions established savings targets for the Code Enforcement Study

Updated Plan

- Phase-in new generalist code enforcement aide classification
- Consolidate staffing within new Code Enforcement Division
- Utilize non-General Fund resources to support expanded proactive Code Enforcement programs
- Enforce and expand current administrative citation program



Return on Assets and Marketing Opportunities

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$4,520,000)	-	\$0	-	\$0	-	(\$4,520,000)	-	5.3%
Updated Plan	(\$6,032,068)	-	(\$1,264,957)	-	(\$1,388,371)	-	(\$8,685,396)	-	8.6%

FY 05 and FY 06 Changes Include:

Endorsed Plan

- No opportunities identified in FY 05 and 06

Updated Plan

- Increased Pipeline Permit Fees in FY 05 and FY 06
- Annual Community Hospital Repayment
- Project Development Revenue Support



New Fee or Tax

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$790,000)	-	(\$3,830,000)	-	\$0	-	(\$4,620,000)	-	5.4%
Updated Plan	(\$225,440)	-	\$0	-	\$0	-	(\$225,440)	-	0.2%

FY 05 and FY 06 Changes Include:

Endorsed Plan

- Various tax increases requiring voter approval

Updated Plan

- Recommend new tax items be deferred to next General Election for possible inclusion into FY 07 budget
- Transient Occupancy Tax increase has been shifted to Existing Fees and Taxes Category



Existing Fees and Taxes

Category	FY 04		FY 05		FY 06		THREE YEAR TOTAL		% OF THE SOLUTION
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	
Endorsed Plan	(\$5,770,000)	-	\$0	-	\$0	-	(\$5,770,000)	-	6.7%
Updated Plan	(\$6,541,340)	-	(\$4,302,500)	-	(\$1,100,000)	-	(\$11,943,840)	-	11.8%

FY 05 and FY 06 Changes Include:

Endorsed Plan

- No opportunities identified in FY 05 and 06

Updated Plan

- Increase the Transient Occupancy Tax
 - From 12 percent to 15 percent
 - 1/3 of increase to City
- Increase Code Enforcement Revenue
- Increase Parking Citation Rates and Late Fees
- Increase in Utility Late Fee Payments
- Adjust Golf Fees
- Increased General Gas Rates to be consistent with surrounding utilities and support infrastructure improvements



Employee Transition Plan

Goals:

- To manage staffing changes in a fair manner and consistent with Civil Services Rules and Regulations
- To ensure that impacted employees will be considered for reassignment, transfer for training opportunities within the City
- To provide assistance in the transition to outside employment if a suitable position cannot be found



Employee Transition Plan (continued)

Transition Tools:

- Transfer impacted employees to vacant, budgeted position
- Job Fairs and Transfer for Training
- Request an Order of Layoff from the Civil Service Commission
- Retrain employees for new positions
- Continue to work collaboratively with employee organizations and the Career Transition Center



Employee Transition Plan (continued)

- The Updated Plan calls for approximately 539 FTE to be reduced over three years
- Next year approximately 267 FTE are expected to be reduced
 - Currently 707 Citywide vacant positions
 - 112 are sworn or dispatcher vacancies
 - Vacancies provide critical savings and help facilitate employee transition



Employee Transition Plan - Permanent Positions

- Of the total 267 positions impacted by the Three-Year Plan in FY 05:
 - 80% of the positions permanent City positions
 - Approximately 83% of permanent positions are either vacant or vacancies exist in the same classification elsewhere in the City for transfers
 - 17% will need to be trained and transferred to new classifications or be assisted in finding employment outside the City



Employee Transition Plan - Non-Career Positions

- Of the total 267 positions impacted by the Three-Year Plan in FY 05:
 - 20% are Non-Career positions
 - Many of these positions are seasonal
 - City will develop transition process for non-career employees and seek appropriate City positions for transition
 - The Career Transition Center can assist impacted non-career employees in finding alternative employment



Next Steps

- Committed to on-going employee participation in City's future
- Staff Updates at Community Meetings
- Budget 101 Workshop Available
- Use of Enhanced Website
- Statistical Telephone Survey
- Budget Summit II (July 2004)
- Budget Workshops and Hearings
- City continues to develop its performance management initiatives



Conclusion

- Continue to align the organization with City Council and community's strategic goals
- The City must continue to provide focused, core services
- Make commitment to physical infrastructure
- Make an investment in technology
- Protect Public Safety Emergency Services
- Improve neighborhood services
- Continually optimize internal processes
- Must make the difficult decisions
- If we stay the course, with improving economy, structural deficit can be solved



Three-Year Plan Solves Structural Deficit

